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Message Text

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AMEMBASSY MADRID
USDEL MBFR VIENNA
USCINCEUR
USNMR SHAPE
USLOSACLANT
CINCLANT
CINCUSAREUR
CINCUSAFE
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C O N F I D E N T I A L SECTION 1 OF 2 USNATO 6909

GENEVA FOR CSCE DEL

E.O. 11652: GDS
TAGS: MPOL NATO

SUBJ: DPC MINISTERIAL MEETING DECEMBER 10, 1974: AGENDA ITEM IV,
STATUS REPORTS ON RATIONALIZATION/SPECIALIZATION OF
DEFENSE TASKS, STANDARDIZATION, AND FLEXIBILITY

SUMMARY. DURING DISCUSSION OF THIS AGENDA ITEM, MINISTERS APPROVED REPORTS ON REATIONALIZATION/SPECIALIZATION (DPC/D (74)31), STANDARDIZATION (DPC/D(74)33) AND FELXIBILITY (MCM-79-74). DISCUSSION CENTERED AROUND THE NEED FOR POLITICAL WILL TO OVER-COME NATIONAL OBJECTIONS WHICH LIMIT PROGRESS IN RATIONALI-
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ZATION OR STANDARIDIZATION. VREDELING (THE NETHERLANDS) SUPPORTED THE US MATRIX STUDY AND CALLED FOR NEW IMPETUS IN RATIONALIZATION AND SPECIALIZATION THROUGH FORCE PROPOSALS WHICH WOULD RECOMMEND DIVISION OF DEFENSE TASKS AMONG NATIONS.

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ADMIRAL SIR PETER HILL-NORTON (CHAIRMAN, NC) NOTED THAT, IN THE PAST, CONSIDERATIONS OF NATIONAL SOVEREIGNTY HAVE PREVENTED THE NATO MILITARY AUTHORITIES FROM DEVELOPING SPECIALIZATION RECOMMENDATIONS. SECRETARY SCHLESINGER EMPHASIZED THAT THE US WILL FULLY PARTICIPATE IN STANDARDIZATIONAND ALLIANCE COOPERATION INR AND D AND PROCUREMENT TO ELIMINATE DUPLICATION OF EFFORT AND ATTENDANT WASTE OF RESOURCES WHICH CAN ONLY RESULT IN SMALL FORCE STRUCTURES. MASON (UK) AND LEBER (FRG) BOTH SUPPORTED CONCENTRATING ON THE THREE RATIONALIZATION STUDIES NOW IN PROGRESS BEFORE BRANCHING OUT INTO OTHER AREAS. LEBER ALSO CALLED FOR A REVERSAL OF PRESENT TREND IN MILITARY EQUIPMET IN ORDER TO LEAD TOWARD SIMPLER AND LESS EXPENSIVE HARDWARD. END SUMMARY.

1. SYG LUNS LED OFF DISCUSSION OF THIS AGENDA ITEM BY EXPRESSING DISAPPOINTMENT IN THE SLOW PACE OF WORK IN RATIONALIZATION OR SPECIALIZATION. HE NOTED THAT A FEW SECTORS SHOW PROMISE BUT FOR THE MOST PART PROGRESS HAS BEEN MINIMAL. HE RECOGNIZED THAT THIS WAS DUE, AT LEAST IN PART, TO THE INHERENT DIFFICULTY OF THE SUBJECT BUT ALSO FELT THAT PROGRESS DEPENDS MORE ON THE ACTIVE INVOLVEMENT OF MINISTERS THEMSELVES. LUNS THEN ASKED MINISTERS IF THEY COULD ACCEPT THE REPORT UNDER CONSIDERATION (DPC/D(74)31), MAKING SPECIAL REFERENCE TO THE RECOMMENDATION CONCERNING MAXIMUM COOPERATION FROM STAFFS IN CAPITALS.

2. DEFENSE MINISTER VREDELING (THE NETHERLANDS) STATED HIS VIEW THAT ONE OF THE REPORT'S MORE IMPORTANT FEATURES WAS THE FACT THAT NATO HAD ACCEPTED THE US MATRIX APPROACH AS THE CONCEPTUAL BACKGROUND FOR RATIONALIZATIN/SPECIALIZATION WORK. THIS MATRIX, HE WENT ON, IMPLIES A SERIES OF INTERRELATIONSHIPS AMONG NATIONS WHICH WOULD CREATE GREATER COOPERATION AND DEFENSE CAPABILITY WITHOUT CHANGING THE LEVEL OF DEFENSE SPENDING. VREDELING EMPHASIZED THAT THE NETHERLANDS HAS NO INTENTION OF USING RATIONALIZATION OR SPECIALIZATION AS A GUISE FOR REDUCING ITS DEFENSE BUDGET. HE NOTED THAT THE THREE STUDIES NOW IN PROGRESS ARE MODEST BUT, IF NATO PURSUES THEM WITH VIGOR,THE COULD LEAD CONFIDENTIAL

TO SAVINGS AND TO OTHER WORK OFFERING PROMISE FOR THE LONGER TERM. HOWEVER, HE CONTINUED, IF NATO WANTS PROGRESS IN THE SHORT OR MEDIUM TERM, WE SHOULD NOT LIMIT WORK TO THE THREE STUDIES NOW UNDERWAY. INSTEAD, HE PROPOSED THAT MINISTERS GIVE RATIONALIZATIO AND SPECILIZATION A NEW IMPETUS AND ASK THE NATO MILITARY AUTHORITIES TO INCLUDE, IN THEIR NEXT FORCE PROPOSALS, RECOMMENDATIOS FOR DIVISION OF DEFENSE TASKS AMONG NATIONS. IN A LATER COMMENT, ADMIRAL SIR PETER HILL-NORTON (CHAIRMAN, MC) REPLIED TO THIS PROPOSAL, POINTING OUT THAT THE NATO MILITARY AUTHORITIES HAVE BEEN SEEKING AGREEMENT ON SPECIALIZATION AREAS FOR A NUMBER OFYEARS. HOWEVER, THE NATO MILITARY HAVE BEEN UNABLE TO COME UP WITH EVEN A RECOMMENDATION. IN EVERY CASE, THE OVERRIDING ISSUE HAS BEEN NATIONAL SOVEREIGNTY.

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EVERY SUGGESTION HAS RUN AFOUL OF ONE NATION OR ANOTHER BEING UNWILLING TO GIVE UP A CERTAIN DEFENSE CAPABILITY. VREDELING ACCEPTED HILL-NORTON'S COMMENTS ABOUT THE LIMITATIONS IMPOSED BY NATIONAL SOVEREIGNTY AND MADE REFERENCE TO A RECENT SPEECH TO THE WESTERN EUROPEAN UNION, IN WHICH VREDELING HAD PROPOSED TO DO AWAY WITH NATIONAL SOVEREIGNTY IN MATTERS OF NATIONAL DEFENSE. HE MENTIONED HIS HOPE FOR SUCH A DAY HAS NOT YET DIED.

3. SECRETARY SCHLESINGER STATED THAT THE PROBLEM IN RATIONALIZATION LIES NOT IN LACK OF UNDERSTANDING AS TO WHAT SHOULD BE DONE, BUT RATHER IN LACK OF WILL TO OVERCOME THE MANY NATIONAL PRESSURES THAT LIMIT PROGRESS. HE REFERRED TO THE STORY ABOUT THE AGRICULTURAL AGENT TRYING TO SHOW A FARMER HOW TO INCREASE PRODUCITITY WHEN ACTUALLY THE FARMER KNEW BETTER THAN THE AGENT HOW TO DO BETTER. THE PROBLEM WAS NOT THE FARMER'S LACK OF KNOWLEDGE BUT, INSTEAD, HIS LAZINESS. SECRETARY SCHLESINGER POINTED OUT THAT WORK IN RATIONALIZATION HAS BEEN HINDERED BY A SIMILAR LACK OF WILL, IN NATO'S CASE A RELUCTANCE TO TAKE ON THE SACRED COWS AND WHITE ELEPHANTS WHICH EXIST IN EVERY NATIONAL DEFENSE ESTABLISHMENT. GOING BEYOND NATIONAL RATIONALIZATION, SECRETARY SCHLESINGER NOTED THAT THE DEFENSE PROBLEM IS PARTICULARLY ACUTE FOR OUR SMALLER EUROPEAN ALLIES WHO, UNDER EXISTING PROCEDURES, ARE UNABLE TO REALIZE ECONOMIES OF SCALE. THE US ON THE OTHER HAND, SPEND ABOUT 90 BILLION DOLLARS FOR DEFENSE AND IS ABLE TO GAIN THESE ECONOMIES. THEREFORE, BY COMBINATION AND COOPERATION AMONG DEFENSE ESTABLISHMENTS, MORE NATIONS COULD BENEFIT FROM ECONOMIES OF SCALE WHICH WOULD
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LEAD DIRECTLY TO GREATER DEFENSE CAPABILITY.

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USMISSION GENEVA
AMEMBASSY MADRID

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4. TURNING TO STANDARDIZATION, SECRETARY SCHLESINGER REMARKED THAT EUROPEANS HOLD THIS AREA AS APPLICABLE TO THE US AS TO THEMSELVES AND ARE SOMEWHAT SKEPTICAL CONCERNING US WILLINGNESS TO MAKE CONCESSIONS IN THE NAE OF GREATER ALLIANCE STANDARDIZATION. THE SECRETARY SAID THAT AS FAR AS HE IS CONCERNED STANDARDIZATION IS A TWO-WAY STREET AND THAT THE ALLIANCE CAN GAIN FROM REALLOCATION OF R AND D EFFORTS. NATO STILL NEEDS TO GAIN THE BENEFITS FROM COMPEITITION IN DEVELOPMENT, BUT THIS DOES NOT MEAN THAT NATO NEEDS ALL DEVELOPMENT PROGRAMS. A LOPSIDED RELATIONSHIP EXISTS BETWEEN R AND D AND PROCUREMENT WHICH HAS GIVEN NATO SMALLER FORCE STRUCTURES THAN ARE POSSIBLE AND AN UNFAVORABLE COMPARISON WITH THE WARSAW PACT IN UTILIZATION OF DEFENSE EXPENDITURES. SECRETARY SCHLESINGER CAUTIONED AGAINST USING THE STANDARDIZATION LABEL TO COVER UP OLD SINS, CONFIDENTIAL

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NOTING THAT IT MAY BE EASY TO ESTABLISH MULTILATERAL DEVELOPMENT BY ALLOCATING SHARES IN PRODUCTION SUCH T THAT THE FINAL COST IS ACUTALLY HIGHER THAN IT WOULD HAVE BEEN WITHOUT COOPERATION. INOTHER WORDS, HE CONCLUDED, THE OBJECTIVE IN STANDARDIZATION, OR IN RATIONALIZATIO, IS TO ALLOCATE RESOURCES IN THE MOST EFFECTIVE WAY.

5. DEFENCE MINISTER MAS ON (UK) NOTED THAT THE US MATRIX STUDY REPRESENTED A LOT OF HARD WORK AND WAS A VALUABLE CONTRIBUTION TO THE ALLIANCE'S WORK IN RATIONALIZATION. HE STRESSED THAT ALLIES CAN FIND BETTER WAYS TO DO THINGS BY WORKING MORE CLOSELY TOGETHER AND, ALTHOUGH DIFFICULTIES EXIST,NATO SHOULD NOT ACCEPT FAILURE TO ACHIEVE GREATER EFFICIENCIES. IN SOME CASE, HE CONTINUED, NATO MAY NOT REALIZE BENEFITS UNTIL THE MID-1980'S AND AT FIRST SHOULD SETTLE FOR PROGRESS IN LESS CONTROVERSIAL AREAS. HE MADE PARTICULAR REFERENCE TO THE PROMISING WORK OF THE EURO TRAINING/NATO TRAINING GROUP. CONCERNING POLITICAL WILL, HE EMPHASIZED THAT THE TIME IS PAST FOR LIP SERVICE AND THAT MINISTERS MUST FOLLOW THROUGH WITH RESOLVE. TURNING TO STANDARDIZATION, MASON WELCOMED SECRETARY SCHLESINGER'S VIEW THAT THIS AREA IS A TWO-WAY STREET. HE AGREED THAT NATO HAS GREATER STANDARDIZATION PROBLEMS THAN THE WARSAW PACT BECAUSE WE HAVE ACTED AS SEPARATE NATIONS. EUROPEAN NATIONS SHOULD, HE EMPHASIZED, DEVELOP A MEANINGFUL EUROPEAN DEFENSE INDUSTRY; THE PRESSING NEED FOR GREATER STANDARDIZATION COMBINED WITH

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SECRETARY SCHLESINGER'S TWO-WAY STREET MAY HELP THIS BECOME REALITY.

6. DEFENSE MINISTER LEBER (FRG) BEGAN THIS REMARKS BY DISCUSSING STANDARDIZATION. HE NOTED THAT NATIONS ALREADY PROCURE MANY WEAPONS ON A BILATERAL OR MULTILATERAL BASIS BUT THAT NATIONS MUST EXPAND THIS EFFORT. THIS WILL REQUIRE MINISTERIAL DETER-MINATION TO FOLLOW THROUGH AT HOME TO OVERCOME NATIONAL PROBLEMS SUCH AS CONSIDERATIONS OF PRESTIGE. LEBER PRAISED THE EURO-GROUP'S "OSLO STUDY" AS PROVIDING CONCRETE STEPS TO ACHIEVE GREATER DEFENSE COOPERATION. NATIONS SHOULD BUILD ON THIS WORK AND ACTUALLY DEVELOP A TWO-WAY STREET. TURNING TO SPECIALIZATION, LEBER FELT THAT THIS MIGHT BE A WAY OF BRINGING ABOUT RATIONALIZATION BUT NATIONS MUST HAVE ENOUGH CONFIDENCE IN ONE ANOTHER TO BELIEVE THAT SPECIALIZATION IS NOT A COVER FOR REDUCTION IN DEFENSE BUDGETS. ALTHOUGH APPROVING OF THE CONFIDENTIAL

THREE RATIONALIZATIION STUDIES NOW UNDERWAY,HE WARNED THAT PROGRESS IN RATIONALIZATION OR SPECIALIZATION MAY BE SLOW. IN THIS REGARD, HE ALSO WARNED AGAINST INITIATING MORE STUDIES BEFORE THOSE IN PROGRESS BEAR FRUIT. TURNING TO SYG LUNS, LEBER NOTED THAT NATO HAS TOO MANY STUDY GROUPS - AT LAST COUNT THE FRG PARTICIPATES IN ABOUT 300 NATO GROUPS. HE PROPOSED THAT LUNS GIVE INSTRUCTIONS TO THE EFFECT THAT THE DPC MAY COMMISSION ANOTHER STUDY GROUP ONLY IF THE DPC DISSOLVES AN EXISTING GROUP. LEBER CONCLUDED HIS REMARKS BY RECALLING FOR MINISTERS A RECENT CONVERSATION BETWEEN HIMSELF AND SECRETARY SCHLESINGER IN GEMANY. UPON BEING SHOWN A NEW GERMAN TANK, SECRETARY SCHLESINGER ASKED THE COST. WHEN TOLD, HE NOTED THE COST WAS TWO AND A HALF TIMES AS GREAT AS THE PREVIOUS MODEL ANK AND ASKED LEBER IF THE NEW TANK HAD TWO AND A HALF TIMES THE CAPABILITY. LEBER THEN USED THIS ANALOGY TO ASK MINISTERS IF EFFORTS TO ACHIEVE PERFECTION IN WEAPONS SYSTEMS WERE NOT ACTUALLY WIDENING THE GAP BETWEEN NATO AND THE WARSAW PACT. HE STRESSED THAT WE ARE NOT AFTER PERFECTION BUT PERFORMANCE, AND SIMPLICITY OF DESIGN IS A VALUABLE ASSET. LEBER FELT THAT THIS IS A FORM OF RATIONALIZATION THAT NATIONS SHOULD ALSO ADDRESS. FOR HIS PART, HE IS CONVINCED THAT WE ARE SPENDING TOO MUCH ON WEAPONS SYSTEMS, AND LEBER WILL SEEK FRG POLITICAL SUPPORT, THROUGH PUBLIC OPINION IF NECESSARY, TO CHANGE THIS TREND TOWARD MORE AND MORE COMPLEX AND EXPENSIVE WEAPONS.

7. SYG LUNS STATED HE WAS AGHAST AT LEBER'S DISCLOSURE OF 300 NATO GROUPS AND WOULD TAKE HIS PROPOSAL TO HEART. ON STANDARDIZATION, LUNS TOLD A FAVORITE STORY OF THE STANAVORCHAN MINESWEEPERS, ALL OF WHICH HAD THE SAME 40 MM BOFORS GUN OF COMPARABLE VINTAGE. HOWEVER, EACH NATION HAD MADE ENOUGH "IMPROVEMENTS" SO THAT NONE OF THE GUNS COULD USE THE SAME AMMUNITION ANY LONGER.

8. AT LUNS' INVITATION, ADMIRAL SIR PETER HILL-NORTON COMMENTED

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ON STANDARDIZATION. HE RECALLED THREE INSTANCES OF RUN-OFFS BETWEEN NATIONS WHICH WERE TO HAVE LED TO COMMON PROCUREMENT OF THE WINNING EQUIPMENT. HOWEVER, IN EVERY CASE, THE ONLY NATION TO ADOPT THE WINNER WAS THE NATION WHO BUILT IT. HILL-NORTON ALSO REMARKED THAT PRODUCER AND CONSUMER NATIONS HAVE A DIFFERENT REACTION TOWAD STANDARDIZATION, THE PRODUCERS HAVING AN EYE ON DOWNSTREAM SALES.
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9. MINISTERS APPROVED SACEUR'S FLEXIBILITY REPORT (MCM-7)-74) WITHOUT COMMENT. BRUCE

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